

Jacobson, David

Elec. Gen'l 12/15/05

From: Decker, Jeffrey [jeffrey.decker@northwestern.com]
Sent: Thursday, December 15, 2005 3:09 PM
To: Jacobson, David
Subject: Gas General Terms Final Version

Dave,

Attached is the lettered final version. I also made the changes you had suggested in your data request email. Also, on the electric general terms, did the change letters display in the right hand column? If they did not let me know and I will email how to get them to display. Yesterday I opened the electric general terms file I had emailed you and the letters did not display. After a brief panic of having to do this twice, I discovered that it was just a setting that made them appear or disappear.

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SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA

Section No. 3
3rd Revised Sheet No. 6.3
Canceling 2nd Revised Sheet No. 6.3

CLASS OF SERVICE: Gas Transportation Tariffs
RATE DESIGNATION: Customer Balancing

Rate No. 87

1. **Obligations of Customer and Company:**

Customer Obligation - Customer shall have the obligation to balance on a daily basis the receipt of transportation gas by the Company at the Receipt Point with deliveries of thermally equivalent quantities of gas by the Company to the Delivery Point ("Balance"). Differences between Daily Receipts and Deliveries ("Imbalances") shall be accumulated and recorded in a Customer account.

NorthWestern Energy will review the Customer's nomination made to the interstate pipeline. For purposes of determining distribution system imbalances, NorthWestern Energy will use the lesser of the volume confirmed on the interstate pipeline or the nomination submitted by the Customer to NorthWestern Energy.

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a) **Daily Balancing Limit** - The Customer is permitted to incur a daily Positive (Receipts greater than Deliveries) or Negative (Receipts less than Deliveries) Imbalance up to and including ten percent (10%) of the quantities delivered by the Company on the Customer's behalf, except on Critical Days.

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(b) **Short Critical Day** - The Customer is not permitted to incur a Daily Negative Imbalance but is permitted to incur an unlimited daily Positive Imbalance.

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*Revised
January
8th
2006*

2005

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SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA

Section No. 3
Original Sheet No. 6.3A
Canceling Sheet No.

CLASS OF SERVICE: Gas Transportation Tariffs Rate No. 87
RATE DESIGNATION: Customer Balancing

(Con't.)

- (c) Long Critical Day – The Customer is permitted to incur a Daily Positive Imbalance up to and including five percent (5%) and is permitted to incur an unlimited Negative Imbalance. C
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- (d) Operational Flow Order (OFO) – Company may call an OFO on a specific customer, multiple customers, or a Group Customer in order to limit critical day parameters to as small a segment of customers as possible. This customer or group will be subject to the same balancing parameters imposed on a Critical Day as outlined above. N
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Company Obligation - The Company is obligated to supply daily meter readings to the Customer, their agent or supplier. In addition, the Company has the obligation to provide applicable factors as are necessary to compute the Customer's usage.

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SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA

Section No. 3
1st Revised Sheet No. 6.4
Canceling Original Sheet No. 6.4

CLASS OF SERVICE: Gas Transportation Tariffs **Rate No. 87**
RATE DESIGNATION: Customer Balancing

(Con't.)

2. Settlement of Imbalances:

On a monthly basis, the Customer will receive an Imbalance Statement from the Company which will show the daily quantities received by the Company on behalf of the Customer, Deliveries to the Customer's facilities and any Daily Imbalances resulting from the over or under delivery of gas.

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- (a) Imbalance Settlement - In addition to the applicable over/under delivery charges, cumulative daily Positive or Negative Imbalances at a delivery point will be deemed to have been sold to or bought from the Company at the applicable Gas Daily index prices plus applicable interstate pipeline transportation fees. The Customer's imbalance will be subject to the index pricing point on the pipeline they are served by. The Company will establish the pricing index points and transportation used for each pipeline. The Company may change this index point at its discretion via the Purchased Gas Cost Adjustment, Section No. 3, Sheet No. 9b, that is filed monthly with the South Dakota Public Utilities Commission. Customers with multiple index pricing points will be cashed out at a weighted cost of the pipeline index points listed in the Purchased Gas Cost Adjustment, Section No. 3, Sheet No. 9b, that is filed monthly with the South Dakota Public Utilities Commission.

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3. Over/Under Delivery Charges for Imbalances:

- (a) Daily - Customers are allowed Positive or Negative Imbalances equal to 10% without imbalance charges. Customers with a Positive or Negative Imbalance, after adjustment for optional balancing service, shall be subject to an additional charge at the rate of \$0.01 per therm (\$0.10 per Dth) up to 30% Imbalances. For imbalances greater than 30%, the imbalance charge is \$0.10 per therm (\$1.00 per Dth. These charges apply except for Critical or OFO days.

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NORTHWESTERN ENERGY
HURON
SOUTH DAKOTA

Section No. 3
Sheet No. 6.4A
Canceling _____ Sheet No.

CLASS OF SERVICE: Gas Transportation Tariffs **Rate No. 87**
RATE DESIGNATION: Customer Balancing

(Con't.)

(b) Short Critical Day - Customers with a Negative Imbalance will be charged \$0.50 per therm (\$5.00 per Dth) for the first 5% Negative Imbalance and will be assessed the greater of \$3.00 per therm (\$30.00 per Dth) or three (3) times the Chicago City-gates "Midpoint" Index price as reported in Gas Daily publication for any Negative Imbalance in excess of 5%. N
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Customers with a Positive Imbalance on any Short Critical Day will not incur the daily \$0.10 per therm (\$1.00 per Dth) over delivery charge. N
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SOUTH DAKOTA GAS RATE SCHEDULE

NORTHWESTERN ENERGY
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1st Revised

 Canceling Original

Section No. 3
 Sheet No. 6.5
 Sheet No. 6.5

CLASS OF SERVICE: Gas Transportation Tariffs

Rate No. 87

RATE DESIGNATION: Customer Balancing

(Con't.)

(c) Long Critical Day - Customers with a Positive Imbalance in excess of the free 5% will be charged \$1.00 per therm (\$10.00 per Dth). N
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Customers with a Negative Imbalance on any Long Critical Day will not incur the daily \$0.10 per therm (\$1.00 per Dth) under delivery charge. N
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(d) Additional Charges - If the Company incurs additional charges due to a Customer's Imbalance, those costs will be passed on to the Customer. N
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The customer shall reimburse the Company for any penalty, storage, or other costs incurred by the Company or imposed on the Company by a pipeline as a result of any under or over delivery imbalance, daily, monthly or otherwise, caused by the customer. N
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If the Company incurs additional charges due to a Customer's Imbalance, which is in excess of the penalty recoveries from transportation customers, the net excess penalty will be collected on a pro rata basis from all parties that created the additional charges. N
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SOUTH DAKOTA GAS RATE SCHEDULE

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Section No. 3
Sheet No. 6.5A
Canceling _____ Sheet No.

CLASS OF SERVICE: Gas Transportation Tariffs
RATE DESIGNATION: Customer Balancing

Rate No. 87

(Con't.)

(e) Revenue Sharing – Over/Under Delivery Charges for Imbalances shall be credited to the sales customers via the Purchased Gas Cost Adjustment filing.

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(f) Waiver of Penalties – Regardless of Customer circumstances, the Company will not waive interstate pipeline imbalance charges that are incurred due to a customer imbalance. However, in the event of unanticipated, non-recurring conditions experienced by the Customer with their natural gas fueled equipment where the Customer as a result of problems with its natural gas fueled equipment was unable to use all quantities of gas confirmed for delivery (excluding changes in production levels by the Customer), the Company may waive its daily imbalance charges for the gas day the condition initially occurred.

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Any imbalance charge paid by the Customer or waived by the Company, shall not be construed as giving the Customer the right to continue to create an imbalance on the system.

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4. Optional Daily Balancing Service:

(a) Description - A Customer or Group Customer shall have the option to choose a Daily Balancing Service ("DBS"). This balancing service is not available to customers on critical or OFO days. This is a delivery point service providing balancing tolerance, on a reasonable efforts basis, above or below the Customer's Receipts without the incurrence of Daily Over/Under Delivery Charges. This service is available on a monthly basis. The Customer must notify the Company of its DBS quantity coincident with reporting gas nominations for the first day of the month. If a Customer also elects to enter a Group Balancing arrangement, the Customer's DBS quantity becomes available for use by the Group Customer. DBS does not affect the monthly Settlement of Imbalances.

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Section No. 3
Sheet No. 6.6
1st Revised
Canceling Original Sheet No. 6.6

CLASS OF SERVICE: Gas Transportation Tariffs **Rate No. 87**
RATE DESIGNATION: Customer Balancing

(Con't.)

The DBS begins after a ten percent (10%) of Receipts tolerance is applied. DBS quantity is the daily volume variance between Receipts at the Receipt Point, plus or minus the ten percent (10%) of Receipts tolerance, and the amount actually used at the Delivery Point (Deliveries), unless a Critical Day is called. N
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- (b) Rates - The rates and charges for service under this optional service shall include each of the following:

Reservation Charge - The reservation rate is \$0.15 per therm (\$1.50 per Dth) per month, October-March, and \$0.03 per therm (\$0.30 per Dth) per month, April-September. T
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Commodity Charge - The commodity rate is \$0.003 per therm (\$0.03 per Dth). The monthly charge is equal to the commodity rate multiplied by the sum of the daily volume variances. Daily volume variance is any difference between (i) the absolute value of the difference between the Receipts and Deliveries for the day, up to the DBS quantity contracted for and (ii) ten percent (10%) of the Receipts. T

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Revenues collected under this section will be credited to expense in PGA true-up filings.

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Section No. 3
1st Revised _____ Sheet No. 6.7
Canceling Original _____ Sheet No. 6.7

CLASS OF SERVICE: Gas Transportation Tariffs **Rate No. 87**
RATE DESIGNATION: Customer Balancing

(Con't.)

5. Optional Group Balancing Service:

(a) Description - The Customer shall have the option to choose a Group Balancing Service (GBS) with the same balancing provisions, on the same pipeline and in the same interstate pipeline operational zone. For purposes of calculating the level of Customer Imbalances incurred under the terms of this tariff, the Group Customer shall be considered to be one Customer and the sum of the individual Customers' DBS quantities shall be the minimum DBS quantity for the Group Customer. All Customers within a group must choose the same method of Fuel Retention. In all respects, the Customer shall operate individually under the provisions of this tariff. The Group Customer shall enter into a Group Balancing Agreement under this tariff, which shall be for a term of not less than one month. The term Group Customer shall mean a person, corporation, partnership, or other legal entity that provides gas under the parameters as specified above.

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(b) Applicability

(i) The Group Customer must execute a Supplier Service Agreement and must notify the Company of the Customers to be grouped, by Delivery Point(s), at least two (2) working days before the first of the month nominations are due. All billing will be based on the Group Customer's notification. Any requests to change Customers in a group after the notification timeframe outlined above will be accommodated at Company's discretion and shall be subject to a Rescheduling Service fee of \$50 for each Customer change in a Group.

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(ii) The Group Customer shall provide the Company a single combined daily nomination representing the sum of the daily nominations for all of the Delivery Points applicable to the Group Customer. The Group Customer shall retain

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CLASS OF SERVICE: Gas Transportation Tariffs Rate No. 87
RATE DESIGNATION: Customer Balancing

(Con't.)

information regarding individual nominations, which shall be provided to Company upon request. Each Delivery Point within the group must have operational telemetering in place.

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- (iii) If the Group Customer does not comply with the provisions of its Supplier Service Agreement, Company may terminate the Agreement and each Customer whose Delivery Point is part of the Group Customer will be individually responsible for the settlement of gas transportation imbalances and other charges regardless of payments that the Customer may have rendered to the Group Customer. The Group Customer shall remain responsible for Pipeline Imbalances, penalties, overrun charges or other charges it may create on the interstate pipeline system. Company reserves the right to terminate the Supplier Service Agreement for due cause upon three days of written notice. In the event the Agreement is terminated during any month, the Customers whose Delivery Points are within the Group Customer shall be billed separately for any imbalances and shall also be billed the Group Balancing Charge.

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Section No. 3
Sheet No. 6.10
Canceling 2nd Revised
1st Revised Sheet No. 6.10

CLASS OF SERVICE: Gas Transportation Tariffs
RATE DESIGNATION: Standby Service Options

Rate No. 87

(Con't.)

- (b) Rates - The rate for this service shall be the Company's quoted rate for the type of supply provided. In addition to these charges, the quoted rate for the service shall include the commodity charge under the applicable rate schedule.
- (c) Adjustment of Gas Cost - In connection with the Company's Adjustment Clause, the Company will credit overall gas cost based on rates charged in section (b) above. The Company will provide this information under a separate section of the Adjustment Clause filing. T
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- (d) Billing - Customer Billing for this service will be based on the amount nominated or Receipts. If actual usage exceeds nominations, the customer will be responsible for the actual volumes taken, plus any additional costs incurred by the Company, such as overrun charges on the deficient volumes. If actual usage is below nominations, the customer will be allowed to use the surplus volumes per the balancing provisions described subsequently in this tariff. For Billing purposes only, the gas delivered under this service shall be considered "first through the meter".
- (e) Customer's Balancing Obligation
- i) Transportation Customers will be subject to the balancing provisions applicable to their gas transportation service including DBS levels purchased. D
- ii) Customer shall have the obligation to Balance, on a daily basis, Receipts and Deliveries of gas made under this tariff by the Company. Differences between Receipts and Deliveries shall be accumulated and recorded in a Customer account. The Customer shall manage Receipts and Deliveries so that the account balance shall be kept as near to zero as practicable.

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